

Issue 7: INSIDER'S EDGE: Are the Rumors True?

This is Medicaid Marge helping you navigate the narrows of the ACA with the latest tips from the INSIDER'S EDGE. I'm here to tell you THE RUMORS ARE TRUE! That's right, there are changes in store for how we calculate income and household size!

Mysterious MAGI! MAGI stands for "Modified Adjusted Gross Income." I bet you're thinking, that sounds like tax stuff. *Uh oh. Sounds boring.*



STAY WITH ME HERE! I PROMISE IT WILL BE WORTH IT!

All states will use this method to determine eligibility for both Medicaid (under age 65) and qualified health plans (QHPs). It is a federal standard that is linked to tax methods. However, MAGI *will not* be applied to disability and long term supports and services (LTSS) groups; for those groups, the existing rules will be used.

We're almost done! Here's how MAGI works.

MAGI takes the household size and countable income from the previous year's federal tax return to calculate an applicant's level of poverty. Based upon IRS Tax code section 36B(d)(2), MAGI is the applicant's gross income after deductions, plus foreign income and tax-exempt interest.

That means some of **the big headaches** of the old system **are gone!** (Throw out that aspirin bottle!) You no longer have to worry about counting some types of income like child support, workers' compensation, and veterans' benefits. (Can you hear me cheering?) **The income limits are being converted from current limits by raising them to compensate for average disregards in each group.**



BUT there are some new people joining the party when it comes to MAGI. *Hey stepparents, we're looking at you!* Stepparents' income is counted towards the stepchildren. *Plus*, if a child claimed as is

required to file taxes, their income will count toward the family's MAGI. Why? Remember, calculations using MAGI are based on tax filing and how people file as a household.

Additionally, with MAGI, all applicants receive an automatic 5% disregard. Forget today's disregards for child care, employment, or child support – they're all gone! That's why in Maryland we say we're expanding Medicaid up to 138% of the federal poverty level (FPL), but some of the outreach from the federal government or other states says it's only going up to 133% FPL. That's what's in the ACA, but since everybody gets the 5% disregard, we figure why not be more inclusive in our outreach materials?

It will be important to understand MAGI moving forward, but Maryland Health Connection isn't leaving you out in the cold. The system will help with the number and data crunching required to determine who is eligible for what programs. (Phew!)

Congrats! You made it through! That wasn't so bad was it?

Now for your reward!



Cats not your thing? Medicaid Marge has got you covered.

